

24  
**ORIGINAL**

(17)  
 4-9-02

**IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

<b>Nancy Hall, individually and as the Representative and Administratrix of the Estate of Tommy Hall, deceased, her husband,</b>	<b>:</b>	<b>CIVIL ACTION - LAW</b>
<b>Plaintiff,</b>	<b>:</b>	
<b>CUNA Mutual Group, Cuna Mutual Insurance Society,</b>	<b>:</b>	<b>1:01-CV-1265</b>
<b>Defendants.</b>	<b>:</b>	<b>Judge Sylvia H. Rambo</b>

*FILED  
HARRISBURG, PA  
APR 08 2002  
MARY E. D'ANDREA, CLERK  
Per Deputy Clerk*

**PLAINTIFF'S RESPONSE TO CUNA MUTUAL'S  
MOTION TO AMEND CAPTION**

**I. STATEMENT OF FACTS**

On or about November 18, 1998, Plaintiff, Nancy Hall, and her late husband, Tommy B. Hall, refinanced the mortgage on their home in Fayetteville, Franklin County, Pennsylvania. As part of refinancing the mortgage, Mr. Hall purchased mortgage insurance through his lender, Patriot Federal Credit Union. Defendant, CUNA Mutual Group and CUNA Mutual Insurance Society, issued a policy to the Patriot Federal Credit Union and to Mr. and Mrs. Hall.

On or about November 4, 1999, Mr. Hall died as a result of a metastatic melanoma. Within a few days thereafter, Plaintiffs submitted a claim for benefits under the group mortgage insurance policy. Defendants denied Plaintiffs' claim for benefits, asserting that Plaintiff's decedent had submitted a false application for mortgage insurance in that he had failed to disclose a prior doctor visit in 1993. Defendants improperly reported the conduct of Plaintiff's decedent

to the Fraud Section of the Pennsylvania Department of Insurance.

## **II. PROCEDURAL HISTORY**

On July 9, 2001, Plaintiff Nancy Hall commenced this action, both individually and as the administratrix of the Estate of her late husband, by filing a Complaint against Defendants, CUNA Mutual Insurance Society and CUNA Mutual Group.

On March 15, 2002, Plaintiff filed a Motion to Amend the Complaint, seeking permission to allege, among other things, Defendants continued bad faith, negligence, breach of contract and other tortious conduct when the Defendants, despite a wide range of additional information, denied Plaintiffs' claims for benefits under the policy. The Court, in its initial Case Scheduling Order, allowed the parties until March 15, 2002, to amend the pleadings.

Plaintiffs served a true and correct copy of the Complaint upon CUNA Mutual Group, Postage Article No. 7099-3220-0009-6888-2386 and service was accepted by an individual's name who appears to be Robyn Hermanson, of CUNA Mutual Group. A true and correct copy of the registered, return-receipt is attached hereto as Exhibit A. Service was also made and effectuated upon CUNA Mutual Insurance Society, separately. An Entry of Appearance was made on behalf of CUNA Mutual Group and CUNA Mutual Insurance Society, both. A copy of the first page of the Answer to Complaint and Affirmative Defenses is attached hereto as Exhibit B. Every document filed in this case by the Defendants has been filed on behalf of CUNA Mutual Group and CUNA Mutual Insurance Society. Plaintiffs request that the Court take judicial notice of all of the legal filings in this case.

On or about March 15, 2002, Defendants filed, for the first time, a document seeking to remove CUNA Mutual Group as a Defendant from the case. CUNA Mutual Group did not bring a Motion to Dismiss or any other dispositive motion, but simply seeks to strike itself from the caption of the case and thus bar any further legal proceedings against it. CUNA Mutual Group now asserts that it is not a legal entity of any sort based upon an Affidavit, self-serving in nature, stating simply that it is not a legal entity.

### **III. STATEMENT OF QUESTION INVOLVED**

Whether Defendant, CUNA Mutual Group, can be dismissed from a case after having duly been served and accepting process, by simply seeking to have its name stricken from the caption.

### **IV. ARGUMENT**

In the instant action, Plaintiff filed suit against CUNA Mutual Insurance Society and CUNA Mutual Group and served each entity separately as is evidenced by Exhibits A and B. CUNA Mutual Group did not seek dismissal in the action, but rather, obtained representation and filed pleadings and court documents in its defense in this case, but failed to raise a Motion to Dismiss. Defendant CUNA Mutual Group has now submitted an Affidavit, self-serving in nature, which simply states that it is not a corporation or a legal entity of any sort.

In support of this Motion, CUNA Mutual cites to a number of cases, including My Favorite Muffin Too, Inc. vs. DK Holdings, Inc., 61F Supp. 2d 781, 784 (N.D. Ill. 1999); Desai vs. Tire Kingdom, Inc., 944 F. Supp. 876, 878 (M.D. Fla. 1996); Shoap vs. Kiwi S.A., 149 F.R.D. 509, 511 (M.D. Pa. 1993). In each of the cases cited by the Defendants, it was Plaintiffs

who sought leave to amend their own caption in order to properly state the name of a Defendant.

It was not the Defendants who sought dismissal in a case simply by amending a caption.

Accordingly, none of those cases stand for the proposition that a Defendant, having been duly served and entering an appearance in a case, can seek its own dismissal simply by having its name stricken from the caption.

Furthermore, Defendant, CUNA Mutual Group, has held itself out to the public, its insured and beneficiaries as an entity doing business. Attached hereto as Exhibit C are numerous letters and correspondence in this case in which CUNA Mutual Group's name appears as the party with whom Mrs. Hall and others are dealing and doing business.

Additionally, CUNA Mutual Group has disseminated to the public and has been disclosed in discovery to have disseminated annual statements detailing CUNA Mutual Group's assets, liabilities, profit, net worth, and names and pictures of members of their Board of Directors. It certainly contradicts the Affidavit prepared by CUNA Mutual Group that it is not a legal entity when, at the same time, CUNA Mutual Group has billions of dollars in assets and millions of dollars in profits annually. Additionally, CUNA Mutual Group has its own Board of Directors as is evidenced by the Annual Statements of CUNA Mutual Group, also attached as part of Exhibit C.

Lastly, Plaintiffs deposed a corporate designee in this case in which the corporate designee detailed some of the assets and liabilities and members of CUNA Mutual Group's Board of Directors. A true and correct copy of relevant portions of that deposition is attached hereto as Exhibit D.

**V. CONCLUSION**

Defendant, CUNA Mutual Group, has been served in this case and must stand to answer for its conduct. It is an improper legal maneuver for a Defendant to simply strike its name from a caption rather than having sought Dismissal or Summary Judgment. Defendants cite no cases for the proposition that a Defendant may dismiss itself from the case by seeking to amend the caption. Rather, the Courts have allowed, at times, Plaintiffs to amend the caption in order to name a proper party. Amending a caption is not a substitute for an untimely Motion to Dismiss or a Motion for Summary Judgment. For these reasons, Plaintiffs request that CUNA Mutual Group and CUNA Mutual Insurance Society's Motion to strike CUNA Mutual Group from the caption in the instant action be denied.



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Stephen R. Pedersen  
214 Senate Avenue  
Suite 602  
Camp Hill, PA 17011  
(717) 763-1170  
Attorney for Plaintiffs

DATE: 4-8-02

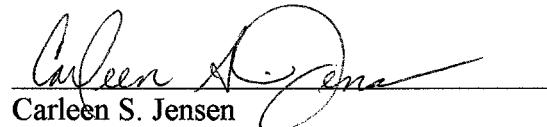
**CERTIFICATE OF SERVICE**

And now, this 8<sup>th</sup> day of April, 2002, I, Carleen S. Jensen, do hereby certify that I have, this date, served a true and correct copy of the within **PLAINTIFF'S RESPONSE TO CUNA MUTUAL'S MOTION TO AMEND CAPTION** upon each of the attorneys of record at the following address(es) by sending same in the United States mail:

Michael R. Kelley, Esq.  
Charles T. Young  
100 Pine Street  
P O Box 1166  
Harrisburg, PA 17108-1166

Catherine Mahady-Smith, Esq.  
3115-A N. Front Street  
Harrisburg, PA 17110

DATE: 4-8-02

  
\_\_\_\_\_  
Carleen S. Jensen  
Assistant to Stephen R. Pedersen, Esquire  
214 Senate Avenue, Suite 602  
Camp Hill, PA 17011  
(717) 763-1170

I. D. No. 72026  
Counsel for Plaintiff

**EXHIBIT A****Certified Mail Provides:**

mailing receipt  
unique identifier for your mailpiece  
signature upon delivery

record of delivery kept by the Postal Service for two years

**Important Reminders:**

Certified Mail may ONLY be combined with First-Class Mail or Priority Mail.

Certified Mail is not available for any class of international mail.

INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuable packages, please consider Insured or Registered Mail.

For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the cost. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.

For an additional fee, delivery may be restricted to the addressee or to the addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".

A postmark on the Certified Mail receipt is desired; please present the article at the post office for marking. If a postmark on the Certified Mail

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

CUNA Mutual Group  
5910 Mineral Point Road  
Madison, WI 53701-0391

## 2. Article Number (Copy from service label)

7099-3220-0009-6888-2386

PS Form 3811, July 1999

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)	B. Date of Delivery
---------------------------------------	---------------------

JUL 27 2001

## C. Signature

CAPITAL CARGAGE, INC.  
*John Hennanson*

Agent

Addressee

D. Is delivery address different from Item 1?  Yes  
If YES, enter delivery address below:  No

## 3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

## 4. Restricted Delivery? (Extra Fee)

Yes

Domestic Return Receipt

102595-00-M-0952

**EXHIBIT B**

IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

Nancy Hall, individually and as the Representative and Administratrix of the Estate of Tommy Hall, deceased, her husband, Plaintiff	:	CIVIL ACTION - LAW
	:	
	:	
	:	
v.	:	1:01-CV-1265
	:	
	:	
Cuna Mutual Group, Cuna Mutual Insurance Society, Defendants	:	Judge Sylvia H. Rambo

**ANSWER TO COMPLAINT AND AFFIRMATIVE DEFENSES**

Defendants CUNA Mutual Group and CUNA Mutual Insurance Society ("CUNA") hereby answers the Complaint in this matter as follows:

1. Denied. CUNA is without knowledge or information sufficient to form a belief as to the truth of the averments set forth in this paragraph, and the same are therefore denied.
2. Denied. CUNA is without knowledge or information sufficient to form a belief as to the truth of the averments set forth in this paragraph, and the same are therefore denied.
3. Admitted in part and denied in part. It is admitted that CUNA maintains offices at 5910 Mineral Point Road, Madison, Wisconsin. CUNA is without knowledge or information sufficient to form a belief as to the truth of the remainder of the averments set forth in this paragraph, and the same are therefore denied.
4. Admitted in part and denied in part. It is admitted that CUNA has offices in Madison, Wisconsin. CUNA is without knowledge or information sufficient to form a belief as

**EXHIBIT C**

*CUNA Mutual Insurance Society*

P.O. Box 391 • 5910 Mineral Point Road  
Madison, WI 53701-0391  
Phone: 608/238-5851

**COVERAGE SCHEDULE**  
**Group Mortgage Insurance**  
**Decreasing Term Life**

<b>POLICYHOLDER</b>	<b>CERTIFICATE NUMBER</b>
PATRIOT FEDERAL CREDIT UNION 800 WAYNE AVE PO BOX 778 CHAMBERSBURG PA 17201-0778	00032534  037-1485-6 000
<b>EFFECTIVE DATE OF INSURANCE</b>	<b>TERM OF INSURANCE</b>
01/01/1999	SEE SCHEDULE OF BENEFITS
<b>INSURED DEBTOR</b> (Eligible Debtor No.1)	
<p align="center">TOMMY B HALL 517 MT PLEASANT RD FAYETTEVILLE, PA 17222</p>	
<p align="center"><b>DATE OF BIRTH</b> 05/12/1955</p>	
<p align="center"><b>INSURANCE COVERAGE</b></p>	
<p align="center">Decreasing Term Life <u>YES</u></p>	
<p align="center"><b>AMOUNT OF INSURANCE ELECTED</b></p>	
<p align="center">Initial Amount of Decreasing Term Life \$ <u>55,951.79</u></p>	

Michael E. Stel  
SIU Manager  
Special Investigation Unit  
Phone: 800 356 2644 Ext. 7168  
Fax: 608/238-0830



February 22, 2000

Ms. Nancy Hall  
517 Mt. Pleasant Rd.  
Fayetteville, PA 17222

Member: Tommy B. Hall II  
Contract No.: 037-1485-6

Dear Ms. Hall:

Mr. Hall's Home Mortgage Protection Insurance claim was referred to me for review. You have my sincere condolences on your loss.

As Brenda Larson's February 10, 2000 letter explained, medical information obtained confirms that Mr. Hall did not disclose some medical information at the time he completed the application for Home Mortgage Insurance. Accurate completion of medical history is important to the underwriting process involved with an insurance application.

Due to the nature of this, we are required to inform the Pennsylvania Insurance Fraud Section of this matter.

If you have any questions or concerns regarding this letter, please contact me directly. Thank you.

Sincerely,

Michael E. Stel  
SIU Manager  
Special Investigation Unit

cc: Patriot Federal Credit Union

2000/02/28/2000

February 10, 2000



NANCY HALL  
517 MT PLEASANT RD  
FAYETTEVILLE PA 17222

Dear Mrs. Hall :

Certificate No.: 32534

We are very sorry to hear that your husband Tommy Hall passed away. You have our sincere condolences and deepest sympathies on your loss.

After Tommy's death, we received a notice of claim under the Home Mortgage Insurance policy. As with all claims, we reviewed the application, death certificate, and medical information. The review showed that Tommy visited a doctor in 1993. On the application, Tommy did not indicate this visit occurred. Had we known about the medical condition revealed during that visit, we would not have accepted the application or issued a Certificate of Insurance.

The Home Mortgage Insurance contract you have with us has a provision that allows us to contest the validity of policy information provided by a policy owner within two years of the date the contract was issued. In light of the facts discussed above, we are rescinding Decreasing Term Life Insurance Certificate # 32534 issued to Tommy B. Hall in December of 1998. As a result, no benefits will be paid under this contract, either now or in the future.

In addition, we have forwarded the amount representing the premium that was paid for the insurance coverage since the 11th day of December, 1998 to your account electronically at the credit union along with a copy of this letter.

If you have any questions, please contact me at 1-800-356-2644, extension X7475.

Sincerely,

Brenda Larson  
Life Underwriter  
Credit Insurance Underwriting

Cc: Patriot Federal Credit Union

b1  
X7475/2D-1/  
opeiu-39

cc: Mike Stel



December 15, 1999

*CUNA Mutual Insurance Society*

NANCY HALL  
517 MT PLEASANT RD  
FAYETTEVILLE PA 17222

Dear Mrs. Hall:

Certificate No.: 32534

We are very sorry to hear that your husband Tommy passed away. You have our sincere condolences and deepest sympathies for your loss.

After Tommy's death, we received a notice of claim under the Home Mortgage Insurance policy. As with all claims, we review the application, death certificate, and medical information.

At this time we are in need of additional information from you. We have requested and received information from Ernest Charlesworth, M.D. who indicated he had only medical records from April 1998 to present. In order to fully review the claim, we are in need of the names, addresses, and telephone numbers of physicians that Tommy received treatment from or consulted from January 1993 to April 1998, in order to fully evaluate this claim.

You may contact us directly by phone with this information, or if you prefer, submit it in writing in the enclosed postage paid envelope.

If you have any questions, please contact me at 1-800-356-2644, extension X7475. We thank you in advance for your prompt response to this request.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Larson".

Brenda Larson  
Life Underwriter  
Credit Insurance Underwriting

Enclosure

b1  
X7475/2D-1/  
opeiu-39

## MEMBERS HOME MORTGAGE PROTECTION II APPLICATION

GROUP MORTGAGE INSURANCE

PLEASE PRINT

32534  
CERTIFICATE NO.

<b>(A)</b>		Name <u>Tommy Bob Hall Jr.</u> <small>Borrower #1</small>	Name <u>NANCY M HALL</u> <small>Borrower #2</small>
Address <u>517 Mt Pleasant Rd</u> <u>Fayetteville Pa 17222</u>		Address <u>517 Mt Pleasant Rd</u> <u>Fayetteville Pa 17222</u>	
Home Phone <u>717 352-9030</u>		Home Phone <u>717 852-9030</u>	
Social Security # <u>3 6 3 - 8 2 - 5 9 5 9</u>		Social Security # <u>3 0 3 - 4 4 - 1 1 9 6</u>	
Date of Birth <u>5/12/55</u> Age <u>43</u> Sex <u>M</u> <input type="checkbox"/> <u>F</u> <input type="checkbox"/>		Date of Birth <u>5/28/53</u> Age <u>45</u> Sex <u>M</u> <input type="checkbox"/> <u>F</u> <input type="checkbox"/>	
Height <u>5'6"</u> Weight <u>200</u>		Height <u>5'3"</u> Weight <u>165</u>	
Occupation <u>TRUCK DRIVER</u>		Occupation <u>HOUSEWIFE</u>	

Borrower # 1 Borrower # 2  
**(B)** Yes  No 

1. Have you ever been treated for or diagnosed by a member of the medical profession as having any of the following? [Please check the box and circle condition(s) that applies]

Diabetes; high blood pressure; chest pain; heart, blood, blood vessel, lung or breathing disorders; cancer; epilepsy; stroke; pneumonia(s); asthma, brain, mental, nervous, back, neck, joint or muscular disorders; stomach, intestines, liver, pancreas, or kidney disorders; cirrhosis, drug or alcohol abuse, acquired immune deficiency syndrome or AIDS related complex, or tested positive for antibodies to the AIDS virus? (NOTE TO RESIDENTS OF ME, ND, VT AND WI: You do not have to disclose positive test results for the antibodies to the AIDS virus!)

2. During the past 3 years, have you for any reason been hospitalized?  
  3. Have you used tobacco in any form within the past 24 months?

If Disability Coverage is Requested—

4. Are you now gainfully employed on a full-time basis and presently working 25 hours a week or more?

Name and Address of Family Physician D. Ed. S. Charlesworth 144 S. 8th St. Chambersburg, PA

GIVE FULL DETAILS BELOW FOR ANY HEALTH PROBLEM INDICATED IN THIS SECTION.

Name of Person	Name & Address of Physician	Nature of Condition	Dates & Duration
<u> </u>			

**(C)** LIFE COVERAGE:  Single  Joint1. Amount of Insurance Requested \$56,000.002. Life Insurance Charge  

(Refer to rate table)

DISABILITY COVERAGE:  Single  Joint  No Coverage1. Amount of Insurance Benefits Requested  Disability Insurance Charge  

(Refer to rate table)

NOTE: You must apply and be approved for LIFE to be eligible for DISABILITY coverage. If you select Joint Disability coverage and benefits will be split equally between Borrower #1 and #2. If the insurance you applied for is approved, it will become effective on the date of approval or if none, the effective date of the loan as shown on this Application.

**(D)** CONSUMER PROTECTIVE AUTHORIZATION

Consumer Authorization Form

These answers are true and complete to the best of my knowledge and belief. To determine my insurability, or for claims purposes, I authorize any medical practitioner or institution, insurance company or the Medical Information Bureau, Inc., Consumer Reporting Agency, or employer to give any information about my physical or mental health condition, treatment, or any non-medical information to CUNA Mutual Insurance Society, or its reinsurer. I agree that this authorization shall be valid for 30 months from the application date. I have read the Consumer Privacy Notice pertaining to the Medical Information Bureau as required by the Fair Credit Reporting Act. The Society shall incur no liability until this application is approved by the Society and the first premium paid.

By signing this application, I acknowledge that I understand that this policy contains a war exclusion. Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

I authorize my financial institution to pay my insurance premiums as indicated above to CUNA Mutual Insurance Society by Electronic Funds Transfer from my credit union account or collect these premiums with my regular loan payment, according to my financial institution's discretion. As my financial institution you will be fully protected in holding these payments until you receive written notice from me canceling the request.

X Tommy Bob Hall Jr 11-18-98  
SIGNATURE OF BORROWER #1 DATE

X Nancy M Hall 11-18-98  
SIGNATURE OF BORROWER #2 DATE

**(E)** TO BE COMPLETED BY LENDER OR SERVICING FIRMMortgagor's Name Petty Federal Credit UnionDate Last Payment Was Made JAN. 1, 1999Contract No 137148510Monthly Principal And Interest \$200.00Member Account No 67102637220Total Monthly Mortgage Payment \$200.00Original Loan Term 30 yearsAPR 12.75Months To Run 360Loan Effective Date JAN. 1, 1999Loan Balance After Settlement \$55951.79Is this application to replace or amend an existing Group Mortgage Insurance Certificate?  Yes  No 234-900-0987

824902-0394

I/we understand that this insurance is optional and is not a condition or requirement for approval of my/our loan. My monthly premium will be \$  \$   x 12 = an estimated annual premium of \$  

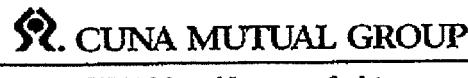
HMP DEC 01 1998

 CUNA MUTUAL GROUP  
CUNA Mutual Insurance Society

P.O. Box 391, 3910 Mineral Point Road  
Madison, WI 53701-0391

92/23/2000

November 12, 1999



ERNEST CHARLESWORTH MD  
144 S 8TH ST  
CHAMBERSBURG PA 17201

Dear Dr. Charlesworth:

Certificate No.: 32534

We have received a claim for benefits for your patient Tommy Bob Hall.

To fairly evaluate the claim submitted, we are in need of a copy of the patients medical records for the last 5 years. The patient has authorized us to obtain additional information and a signed authorization is attached.

Your early reply is appreciated, permitting us to take prompt action on the pending claim. If you require a fee to cover your clerical costs in providing this information, you may bill us when forwarding the information.

If you have any questions, please contact me at 1-800-356-2644, extension X7475.

Sincerely,

Handwritten signature of Brenda Larson.

Brenda Larson  
Life Underwriter  
Credit Insurance Underwriting

Enclosure

b1  
X7475/2D-1/  
opeiu-39

CONSUMER PROTECTIVE AUTHORIZATION

Consumer Authorization Form  
These answers are true and complete to the best of my knowledge and belief. To determine my insurability or for claims purposes, I authorize any medical practitioner or insurance company or the Medical Information Bureau, Inc., Consumer Reporting Agency, or employer to give any information about my physical or mental health condition, treatment, or any non-medical information to CUNA Mutual Insurance Society, or its insurer. I agree that this authorization shall be valid for 30 months from the application date. I have read the Consumer Privacy Notice pertaining to the Medical Information Bureau as required by the Fair Credit Reporting Act. The Society shall incur no liability until this application is approved by the Society and the first premium paid.

By signing this application, I acknowledge that this policy contains a war exclusion. Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

I authorize my financial institution to pay my insurance premium as indicated above to CUNA Mutual Insurance Society by Electronic Funds Transfer from my credit union account or deduct these premiums with my regular loan payment, according to my financial institution's discretion. As my financial institution, you will be fully protected by honoring these payments until you receive written notice from me canceling this request.

X *Tommy Bob Hall 11-18-98*  
SIGNATURE OF POLICE OWNER  
DATE

X *Tommy Bob Hall 11-18-98*  
SIGNATURE OF POLICE OWNER  
DATE

HMP NOV 29 1999

2002/3/28



December 1, 1998

Tommy Bob Hall II  
517 Mt Pleasant Rd  
Fayetteville PA 17222

Dear Mr. Hall:

Certificate No.: 32534

Thank you for your application for Credit Union Home Mortgage Protection Insurance.

I am reviewing the application and notice you forgot to complete the following:

Have you used tobacco in any form within the past 24 months?  yes  no

Signature Tom Hall

A postage-paid envelope is provided for you and we appreciate your early reply, as there is no coverage in force at this time.

Sincerely,

Carolyn McQueen /Ks

Carolyn McQueen, Life Underwriter  
Credit Insurance Underwriting

CM:kmb:5026  
opeiu-39  
enc.

HMP DEC 10 1998

P.O. Box 391 • 5910 Mineral Point Road • Madison, WI 53701-0391  
Business 608/236-5851 • Voice/TDD 800/937-2644 • Fax 608/236-0830

 CUNA MUTUAL GROUP

CUNA Mutual Insurance Society  
 P.O. Box 391 • 5810 Mineral Point Road  
 Madison, WI 53701-0391  
 Phone 800/367-2644

## FOR YOUR RECORDS ONLY

## Corrections/Changes Made To Your Application

Certificate No. 32534

82/23/2001

DEBTOR/BORROWER NO. 1			DEBTOR/BORROWER NO. 2					
Name	Tommy Bob Hall		Name					
Street Address			Street Address					
City	State	Zip	City	State	Zip			
Home Phone	Social Security Number	Date of Birth	Home Phone	Social Security Number	Date of Birth			
Age	Sex <input type="checkbox"/> M <input type="checkbox"/> F	Height	Weight	Age	Sex <input type="checkbox"/> M <input type="checkbox"/> F	Height	Weight	
Occupation			Occupation					
Contact Person								
Date	Time		Telephone Number					
Comments								
LIFE COVERAGE: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Joint			DISABILITY COVERAGE: <input type="checkbox"/> Single <input type="checkbox"/> Joint <input type="checkbox"/> No Coverage					
Amount of Insurance Requested \$ 55,951.79			Amount of Insurance Requested \$ _____					
Life Insurance Charge \$ 31.92			Disability Insurance Charge \$ _____					
Comments								
TO BE COMPLETED BY LENDER OR SERVICING FIRM								
Mortgageholder's Name	Contract Number	Member Account Number						
Original Loan Term	Current Loan Balance	Date Last Payment Was Made (or new date of last payment)						
Monthly Principal & Interest	Total Monthly Mortgage Payment	Interest Rate						
Loan Effective Date	If this member currently has an existing HMP certificate in this application to replace the existing coverage? <input type="checkbox"/> Yes <input type="checkbox"/> No							

1206-137 (R9/96)



CUNA Mutual Group 2000 Annual Report

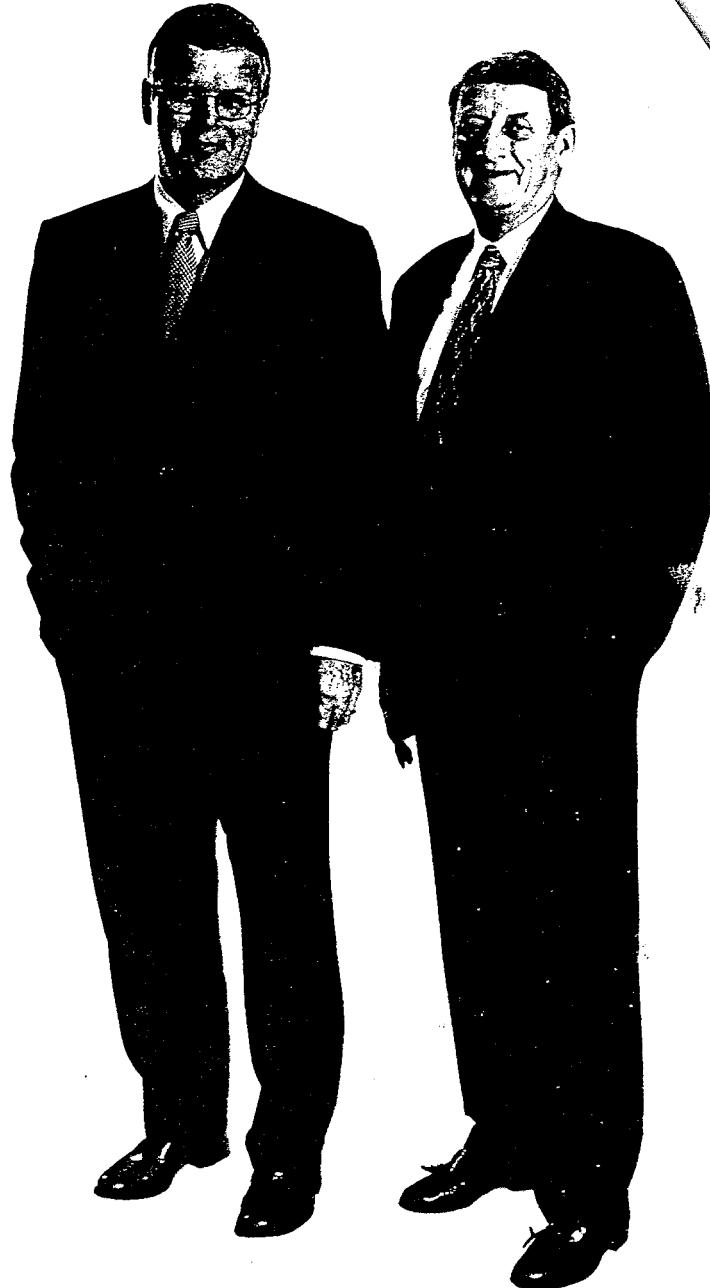
With our goals clearly defined and our 5,000-plus employees fully focused on doing whatever it takes to make credit unions succeed, we are well-positioned to continue as your trusted business partner – the one who, by its values and strategies, is totally committed to your success.

It continues to be our pleasure to serve you.

Sincerely,

**MICHAEL B. KITCHEN** (left)  
President & Chief Executive Officer  
CUNA Mutual Group

**NEIL A. SPRINGER** (right)  
Chairman of the Board  
CUNA Mutual Group



**COMBINED FINANCIAL INFORMATION**  
(000,000's OMITTED)

	CUNA MUTUAL GROUP		CUNA MUTUAL LIFE INSURANCE COMPANY		COMBINED*	
	2000	1999	2000	1999	2000	1999
<b>Assets</b>	\$ 3,730	\$ 3,659	\$ 5,139	\$ 4,861	\$ 8,845	\$ 8,497
<b>Total Surplus**</b>	616	591	283	279	899	870
<b>Revenues</b>	2,056	1,982	1,011	993	3,014	2,922
<b>Benefits to Policyowners</b>	1,269	1,246	875	850	2,144	2,096
<b>Life Insurance in Force</b>	97,639	95,220	14,931	14,511	109,180	106,547

\* ENTRIES TO ELIMINATE TRANSACTIONS BETWEEN CUNA MUTUAL GROUP AND CUNA MUTUAL LIFE HAVE BEEN MADE; THEREFORE AMOUNTS MAY NOT SUM.  
\*\* STATUTORY SURPLUS PLUS ASSET VALUATION RESERVE (AVR).

**CUNA MUTUAL GROUP DECEMBER 31, 2000 AND 1999**

AMOUNTS IN THOUSANDS/UNAUDITED

**Assets**

Bonds and Notes	\$ 2,589,601	\$ 2,577,114
Equity Securities	314,115	295,679
Mortgage Loans	138,870	126,370
Real Estate	49,309	60,632
Policy Loans	12,556	12,159
Cash & Short-term Investments	143,118	179,030

**Total Cash and Invested Assets**

\$ 3,247,569

3,250,984

Accrued Investment Income

43,525

40,133

Premiums Receivable

146,416

134,296

Other Assets

292,138

233,919

**Total Assets**

\$ 3,729,648

\$ 3,659,332

**Liabilities and Policyowners' Surplus**

Insurance and Annuity Reserves	\$ 1,914,184	\$ 1,867,530
Premium and Deposit Funds	515,959	537,403
Unearned Premiums	175,039	170,127
Dividends Payable to Policyowners	8,023	9,732
Other Liabilities	500,394	483,902

**Total Liabilities**

3,113,599

3,068,694

**Total Policyowners' Surplus plus Asset Valuation Reserve**

616,049

590,638

**Total Liabilities and Policyowners' Surplus**

\$ 3,729,648

\$ 3,659,332

**Operating Revenues**

Life and Health Premiums and Deposits	\$ 1,302,058	\$ 1,271,226
Property and Casualty Premiums	336,340	320,560
Net Investment Income	198,410	194,517
Other Income	213,465	175,208

**Total Operating Revenues**

2,050,273

1,961,511

**Benefits and Expenses**

Life and Health Insurance Benefits	1,064,084	1,054,315
Property and Casualty Insurance Benefits	199,728	183,186
Operating Expenses	562,828	552,121
Dividends to Policyowners	5,557	8,614
Other Expenses	151,037	118,297

**Total Benefits and Expenses**

1,983,234

1,916,533

**Operating Income Before Federal Income Tax Expense and Net Realized Capital Gains**

67,039

44,978

**Federal Income Tax Expense**

21,173

15,146

**Operating Income Before Net Realized Capital Gains**

45,866

29,832

**Net Realized Capital Gains**

3,392

20,241

**Net Income**

\$ 49,258

\$ 50,073



CUNA Mutual Group 1999 Annual Report

<b>Combined Financial Information</b> (\$000,000's omitted)							
<b>The member companies of CUNA Mutual Group*</b>			<b>CUNA Mutual Life Insurance Company</b>		<b>Combined**</b>		
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>	
<b>Assets</b>	\$ 3,659	\$ 3,585	\$ 4,861	\$ 4,061	\$ 8,497	\$ 7,621	
<b>Total Surplus***</b>	<b>591</b>	<b>533</b>	<b>279</b>	<b>254</b>	<b>870</b>	<b>787</b>	
<b>Revenues</b>	<b>1,982</b>	<b>1,891</b>	<b>993</b>	<b>842</b>	<b>2,922</b>	<b>2,687</b>	
<b>Benefits to Policyowners</b>	<b>1,246</b>	<b>1,181</b>	<b>850</b>	<b>725</b>	<b>2,096</b>	<b>1,906</b>	
<b>Life Insurance in Force</b>	<b>95,220</b>	<b>92,592</b>	<b>14,511</b>	<b>14,026</b>	<b>106,547</b>	<b>103,813</b>	

\* The consolidated financial information for the CUNA Mutual Group includes the following insurance companies: CUNA Mutual Insurance Society, CUMIS Insurance Society Inc., MEMBERS Life Insurance Co., and The CUMIS Group Ltd., along with the results of several related entities.

\*\* Entries to eliminate transactions between CUNA Mutual Group and CUNA Mutual Life have been made; therefore amounts may not sum.

\*\*\* Statutory Surplus plus Asset Valuation Reserve (AVR).

These are only some of the things we are doing to earn your trust and business.

We are also proud to be leaders in protecting individual consumers' privacy. CUNA Mutual helped make sure the law Congress passed last year did not place credit unions at a competitive disadvantage. We see the new law as requiring other companies in our industry to have the kind of up-front, honest dealings with consumers and strategic partners that we have had since our inception. The core principles in the legislation are already ingrained at the CUNA Mutual Group and our permanent affiliate, CUNA Mutual Life Insurance Company.

It also happens that our ethical and financial strengths go hand-in-hand. In 1999 we continued to build the reserves that guarantee our ability to pay claims in good times and bad, with a combined surplus nearing \$870 million. Total assets were \$8.5 billion at year-end, up 11.5%. Combined revenues increased 8.7% to \$2.9 billion, and we held expenses below our budget plan.

This performance is reflected in our ratings of AA (Very High) for claims paying ability from Duff & Phelps, and A (Excellent) for financial stability and operating performance from A.M. Best for CUNA Mutual Insurance Society, CUMIS Insurance Society Inc., and CUNA Mutual

Life Insurance Company. Nearing mid-year in 2000, we are positioned, in terms of leadership and financial strength, for continued growth. We have a healthy reserve to tap for new product and service development and the exploration of additional partnership opportunities.

Finally, this is our focus: the total success of credit unions. To stay focused, we have clearly defined our goals, our values, and our purpose to our 5,000-plus employees. We have in place the dedicated people, the vision, and the financial strength to continue delivering the performance you have come to expect, and will demand tomorrow, from your most trusted business partner.

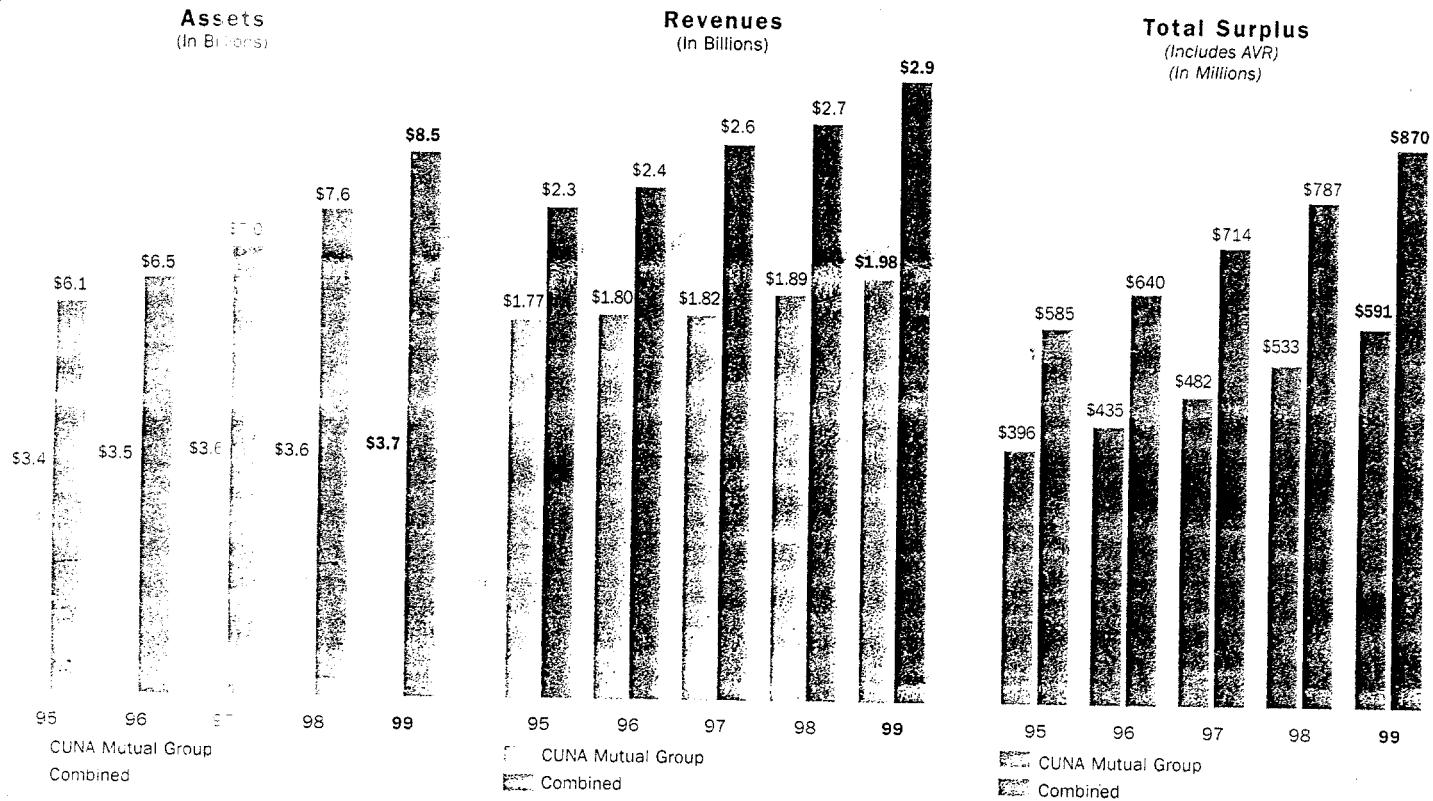
Thank you for giving us the opportunity to be of service.

Sincerely,

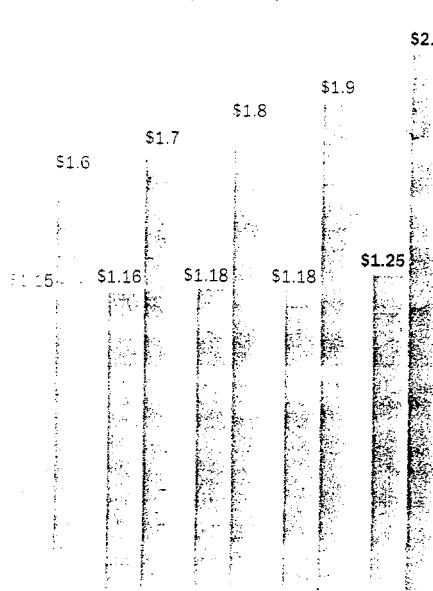
**Neil A. Springer**  
Chairman of the Board  
CUNA Mutual Group

**Michael B. Kitchen**  
President & Chief Executive Officer  
CUNA Mutual Group

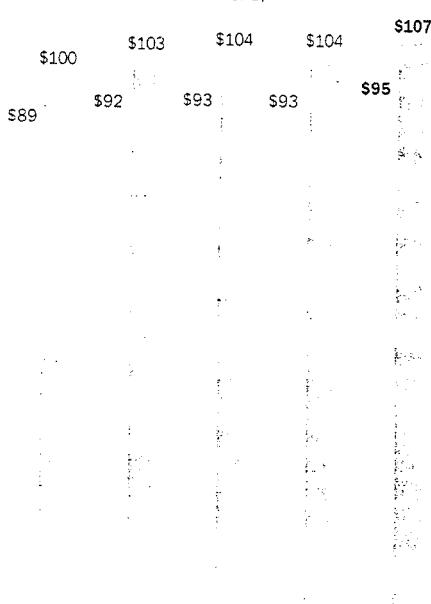
## Combined Five-Year Performance\*



**Total Benefits Paid to Policyowners (In Billions)**



**Life Insurance in Force (In Billions)**



# Financial Statements\*

**CUNA Mutual Group**  
**December 31, 1999 and 1998**

(Amounts in Thousands) (Unaudited)

## Consolidated Statutory Balance Sheet

	99	98
<b>Assets</b>		
Bonds and Notes	\$ 2,577,114	\$ 2,448,902
Equity Securities	295,679	267,518
Mortgage Loans	126,370	134,548
Real Estate	60,632	61,387
Policy Loans	12,159	11,765
Cash and Short-term Investments	179,030	258,721
<b>Total Cash and Invested Assets</b>	<b>3,250,984</b>	<b>3,182,841</b>
Accrued Investment Income	40,133	42,635
Premiums Receivable	134,296	133,671
Other Assets	233,919	225,690
<b>Total Assets</b>	<b>\$ 3,659,332</b>	<b>\$ 3,584,837</b>
<b>Liabilities and Policyowners' Surplus</b>		
Insurance and Annuity Reserves	\$ 1,867,530	\$ 1,828,494
Premium and Deposit Funds	537,403	556,456
Unearned Premiums	170,127	165,666
Dividends Payable to Policyowners	9,732	8,950
Other Liabilities	483,902	492,151
Asset Valuation Reserve	167,445	142,676
<b>Total Liabilities</b>	<b>3,236,139</b>	<b>3,194,393</b>
<b>Total Policyowners' Surplus</b>	<b>423,193</b>	<b>390,444</b>
<b>Total Liabilities and Policyowners' Surplus</b>	<b>\$ 3,659,332</b>	<b>\$ 3,584,837</b>

## Consolidated Statutory Statement of Operations For the periods ended December 31, 1999 and 1998

<b>Revenues</b>		
Life and Health Premiums and Deposits	\$ 1,271,226	\$ 1,162,899
Property and Casualty Premiums	320,560	360,615
Net Investment Income	194,517	199,811
Net Realized Investment Gains	20,241	30,097
Other Income	175,208	137,251
<b>Total Revenues</b>	<b>1,981,752</b>	<b>1,890,673</b>
<b>Benefits and Expenses</b>		
Life and Health Insurance Benefits	1,054,315	951,810
Property and Casualty Insurance Benefits	183,186	221,202
Operating Expenses	552,121	541,656
Dividends to Policyowners	8,614	8,279
Other Expenses	118,297	89,881
<b>Total Benefits and Expenses</b>	<b>1,916,533</b>	<b>1,812,828</b>
<b>Income Before Federal Income Tax Expense</b>	<b>65,219</b>	<b>77,845</b>
<b>Federal Income Tax Expense</b>	<b>15,146</b>	<b>25,937</b>
<b>Net Income</b>	<b>\$ 50,073</b>	<b>\$ 51,908</b>

\*Does not include the financial position and results of operations of CUNA Mutual Life Insurance Company, CUNA Mutual Group's permanent affiliate.

## CUNA Mutual Group Board of Directors



17 18 19  
13 14 15 16  
8 9 10  
1 2 3 4 5 6 7

**Neil A. Springer** Chairman, Managing Director  
Springer & Associates, LLC, Chicago, Illinois

**Loretta M. Burd** Secretary, President & CEO  
Centra Credit Union, Columbus, Indiana

**Joseph N. Cugini** Vice Chairman,\* President & CEO  
Westerly Community Credit Union,  
Westerly, Rhode Island

**Rosemarie M. Shultz** President & CEO (Retired)  
North Coast Credit Union, Bellingham, Washington

**Robert T. Lynch** Treasurer/General Manager  
(Retired)  
Detroit Teachers Credit Union, Detroit, Michigan

**Brian L. McDonnell** President & CEO  
Navy Federal Credit Union, Vienna, Virginia

**Farouk D.G. Wang** Director, Buildings &  
Grounds Management  
Univ. of Hawaii at Manoa, Honolulu, Hawaii

**Larry T. Wilson** President & CEO  
Coastal Federal Credit Union  
Raleigh, North Carolina

**Michael B. Kitchen** President & CEO  
CUNA Mutual Group, Madison, Wisconsin

**James L. Bryan** Treasurer, President & CEO  
Texans Credit Union, Richardson, Texas

**W.F. Broxterman** President & CEO  
The Broxterman Group, Credit Union  
Consultants, Rancho Mirage, California

**Ralph B. Canterbury** President (Retired)  
US Airways Federal Credit Union  
Moon Township, Pennsylvania

**R.C. (Dick) Robertson\*** President &  
General Manager  
Arizona State Savings & Credit Union,  
Phoenix, Arizona

**Rudy J. Hanley** President & CEO  
Orange County Teachers Federal Credit  
Union, Santa Ana, California

**Jerald R. Hinrichs** President  
Hinrichs & Associates, Insurance  
Marketing Consultants  
New Canaan, Connecticut

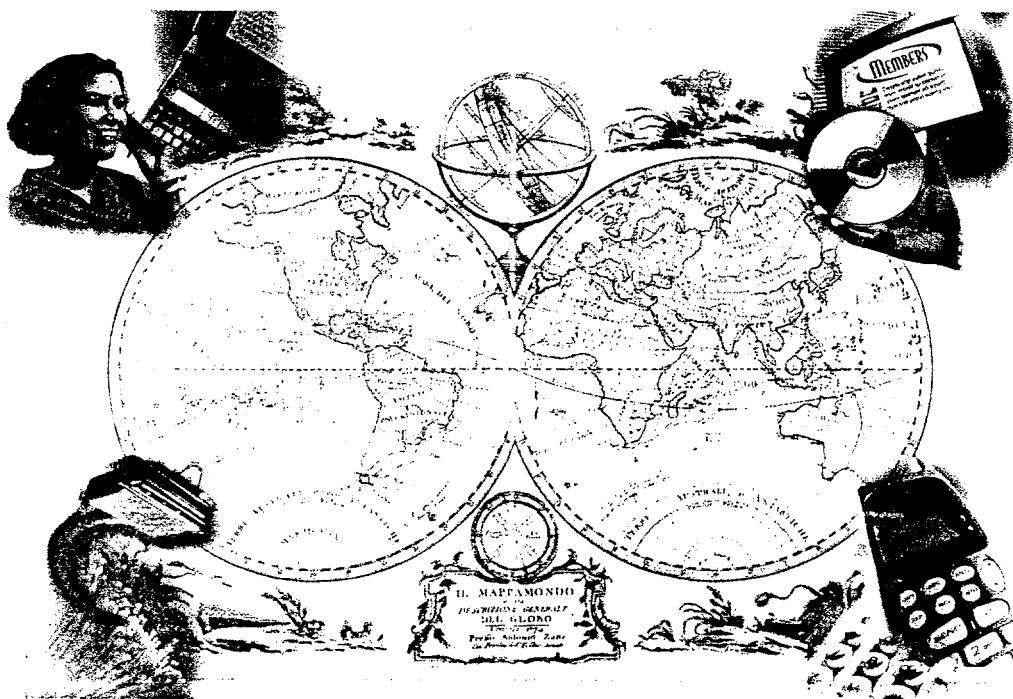
**C. Alan Peppers** President & CEO  
Denver Public Schools Credit Union  
Denver, Colorado

**Omer K. Reed** Chairman  
Pentegraph Dental Group, Inc., Phoenix, Arizona

**Robert W. Bream** President & CEO  
United Airlines Employees' Credit Union  
Chicago, Illinois

**James C. Barbre** President & COO  
ACT Technologies, Inc., Dalton, Georgia

While the physical world hasn't changed,  
everything in it has.



CUNA Mutual Group  
Your partner in change

1998 Annual Report

CUNA Mutual Group  
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Madison, Wisconsin 53701

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Permit No. 1104

REPLACING MAY/JUNE 1999 ISSUE  
**Dimensions**  
1998 CUNA MUTUAL GROUP ANNUAL REPORT



CUNA MUTUAL GROUP

## To our policyowners

Dramatic, exciting, precedent-setting...all terms that describe 1998. For credit unions, credit union members and CUNA Mutual Group, the year was distinguished by such landmark events as the successful campaign to ensure all Americans the right to choose a credit union as their source for financial services. In less than six months, a united credit union movement turned a Supreme Court setback into a legislative victory unparalleled since enactment of the Federal Credit Union Act in 1934. CUNA Mutual was pleased to have been a supporter of this grassroots campaign.

1998 will go down in history as one of the most significant years of advancement in the U.S. credit union movement, and not only from the legislative standpoint. It was also a year in which the movement and CUNA Mutual made tremendous business progress.

Specifically, the combined companies of CUNA Mutual Group and CUNA Mutual Life Insurance Company made great strides in three broad areas. We have: (1) renovated core lines and introduced new products and services; (2) added value through enhanced business relationships; and (3) helped build unity of purpose throughout the movement.

In this age of megamergers, our job is to help your credit union equal or exceed all competitors at delivering a full range of financial services, while growing belief and pride in traditional credit union values. Our corporate culture now embraces adaptation and continuous improvement. In 1998, we delivered a wealth of new



**Michael B. Kitchen and Larry T. Wilson**

business solutions, including a "basic" 401(k) plan for small credit unions...LendingDIRECT programs for increasing loan volume...risk-based pricing of our bond...MEMBERS Mutual Funds...and MEMBERS Long-Term Care insurance. Our core competencies include insurance, investments and technology. *PC WEEK* magazine last year recognized CUNA Mutual as one of the nation's top 500 companies for electronic commerce and Internet business solutions.

While the physical world hasn't changed since our founding by credit unions in 1935, it seems as though everything else has. Today, CUNA Mutual is much more than the credit union insurance company. We are a sophisticated financial services company owned by credit unions and dedicated to their success. Without CUNA Mutual's fidelity bond, many credit unions would not be

### Combined Financial Highlights

Amounts in millions

	CUNA Mutual Group*		CUNA Mutual Life Insurance Company		Combined**	
	98	97	98	97	98	97
Assets	\$ 3,585	\$ 3,574	\$ 4,061	\$ 3,472	\$ 7,621	\$ 7,016
Total Surplus***	533	482	254	232	787	714
Revenues	1,891	1,817	842	767	2,733	2,584
Benefits to Policyowners	1,181	1,181	725	637	1,906	1,818
Life Insurance Force	92,592	92,538	14,026	13,370	106,618	105,908

\* The consolidated financial information of the CUNA Mutual Group includes the following insurance companies: CUNA Mutual Insurance Society, CUNA'S Insurance Society, Inc., MEMBERS Life Insurance Company, and The CUNA Mutual Group Ltd., along with the results of several related entities.

\*\* Entries to eliminate transactions between CUNA Mutual Group and CUNA Mutual Life have been made; therefore, amounts may not sum.

\*\*\* Statutory Surplus plus Asset Valuation Reserve (AVR).

able to open for business. Without a dedicated, performing institution like CUNA Mutual, these same credit unions would be ill-equipped to provide retirement plans and other employee and executive benefits that are so critical to retaining and recruiting the caliber of credit union personnel that, in turn, are so critical to each institution's success.

That drive, focus and passion inspire us to open our doors every morning and go to work for you. In 1998, among other things, we laid the groundwork for a revolutionary initiative. That preparation paved the way for us to this year begin rolling out MEMBERS Financial Services, a uniquely flexible marketing, delivery and branding strategy for credit unions.

More than ever, financial services is a business of information and knowledge. But those aren't our only sources of value. We also offer unmatched levels of trust and cooperation. We share your history and aspirations. And credit unions are our sole business. Thus, in 1998, we began several major internal leadership and team-building initiatives to ensure that our employees even more fully synthesize themselves with your needs.

During 1998, we worked together in many ways to strengthen the credit union movement. We committed both human and financial resources to the Credit Union Campaign for Consumer Choice. We also helped address Year 2000 concerns with what the cable network MSNBC called one of the top Y2K Web sites for our industry ([www.cuy2k.com](http://www.cuy2k.com)). And we continued to help ensure that great products, services and access are hallmarks of all credit unions, including small ones.

We made big strides in 1998 and are off to a fast start in 1999, but equally important are our solid financial underpinnings. We're pleased to report that the companies of the CUNA Mutual Group and CUNA Mutual Life continued

to build the reserves that guarantee our ability to pay claims. Combined surplus reached \$787 million in 1998. Total assets were \$7.6 billion, up 8% from 1997, due in large part to the excellent performance of our registered investment advisor, CIMCO Inc., during a turbulent year in financial markets. Combined revenues increased 6% to \$2.7 billion, up from \$2.6 billion in 1997. While we invested significantly in our people and systems, we held expenses under plan for the year.

Our performance is reflected in our most recent ratings of AA (Very High) from Duff & Phelps, and A (Excellent) from A.M. Best for both CUNA Mutual Life Insurance Company and CUNA Mutual Insurance Society.

We also demonstrated our commitment to credit union growth by naming to our board three CEOs of credit unions that provide remarkable service: Rudy Hanley of Orange County Teachers Federal CU in Santa Ana, Calif., Brian McDonnell of Navy Federal CU in Vienna, Va., and Alan Peppers of Denver Public Schools CU in Denver, Colo. Their expertise, and that of the entire board, ensures that CUNA Mutual is committed to creating solutions for you and your members' financial security in 1999 and beyond.

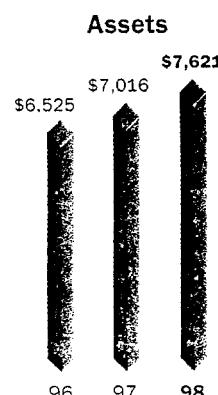
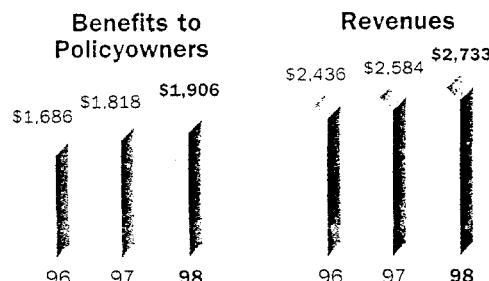
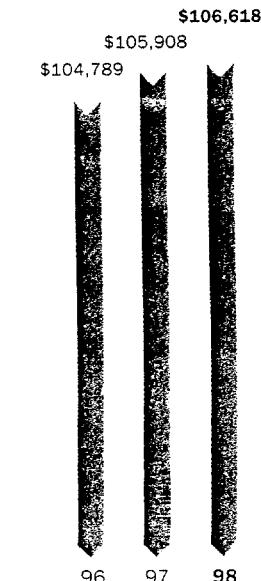
Sincerely,



Larry T. Wilson  
Chairman of the Board  
CUNA Mutual Group

Michael B. Kitchen  
President & Chief Executive Officer  
CUNA Mutual Group

#### Life Insurance in Force



## Financial Statements\*

**CUNA Mutual Group**

December 31, 1998 and 1997 (Amounts in Thousands) (Unaudited)

**Consolidated Statutory Balance Sheet**

	<b>98</b>	<b>97</b>
<b>Assets</b>		
Bonds and Notes	\$ 2,448,902	\$ 2,621,504
Equity Securities	267,518	191,615
Mortgage Loans	134,548	112,620
Real Estate	61,387	52,340
Policy Loans	11,765	12,057
Cash and Short-term Investments	258,721	181,353
<b>Total Cash and Invested Assets</b>	<b>3,182,841</b>	<b>3,171,489</b>
Accrued Investment Income	42,635	45,944
Premiums Receivable	133,671	129,100
Other Assets	225,690	227,059
<b>Total Assets</b>	<b>\$ 3,584,837</b>	<b>\$ 3,573,592</b>
<b>Liabilities and Policyowners' Surplus</b>		
Insurance and Annuity Reserves	\$ 1,828,494	\$ 1,871,625
Premium and Deposit Funds	556,456	584,749
Unearned Premiums	165,666	173,416
Dividends Payable to Policyholders	8,950	9,252
Other Liabilities	492,151	452,191
Asset Valuation Reserve	142,676	132,290
<b>Total Liabilities</b>	<b>3,194,393</b>	<b>3,320,523</b>
<b>Total Policyowners' Surplus</b>	<b>390,444</b>	<b>343,069</b>
<b>Total Liabilities and Policyowners' Surplus</b>	<b>\$ 3,584,837</b>	<b>\$ 3,573,592</b>

**Consolidated Statutory Statement of Operations**

<b>Revenues</b>		
Life and Health Premiums and Deposits	\$ 1,162,899	\$ 1,111,873
Property and Casualty Premiums	360,615	385,501
Net Investment Income	199,811	206,306
Net Realized Investment Gains	30,097	5,679
Other Income	137,251	107,279
<b>Total Revenues</b>	<b>1,890,673</b>	<b>1,816,638</b>
<b>Benefits and Expenses</b>		
Life and Health Insurance Benefits	951,810	918,976
Property and Casualty Insurance Benefits	221,202	253,900
Operating Expenses	541,656	509,838
Dividends to Policyholders	8,279	8,186
Other Expenses	89,881	61,326
<b>Total Benefits and Expenses</b>	<b>1,812,828</b>	<b>1,752,226</b>
<b>Income Before Federal Income Tax Expense</b>	<b>77,845</b>	<b>64,412</b>
<b>Federal Income Tax Expense</b>	<b>25,937</b>	<b>24,537</b>
<b>Net Income</b>	<b>\$ 51,908</b>	<b>\$ 39,875</b>

\*Does not include the financial position and results of operations of CUNA Mutual Life Insurance Company, CUNA Mutual Group's permanent affiliate.

## CUNA Mutual Group Board of Directors



**Larry T. Wilson**  
Chairman  
President & CEO  
CUNA Mutual Group  
Madison, Wisconsin



**Neil A. Springer**  
Vice Chairman  
President & CEO  
Spartan Credit Union  
Milwaukee, Wisconsin



**Joseph N. Cugini**  
President  
President & CEO  
Community Credit Union  
Milwaukee, Wisconsin



**James L. Bryan**  
Secretary  
President & CEO  
Lexans Credit Union  
Richardson, Texas



**James C. Barbre**  
President  
& Chief Operating Officer  
ACT Technologies, Inc.  
Dalton, Georgia  
*Associated C. Federal Credit Union*



**Jerald R. Hinrichs**  
President  
Hinrichs & Associates  
Insurance Marketing  
Consultants  
New Canaan, Connecticut  
CUNA CU



**Michael B. Kitchen**  
President & CEO  
CUNA Mutual Group  
Madison, Wisconsin  
CUNA CU



**Robert T. Lynch**  
Treasurer/General Manager  
(Retired)  
Detroit Teachers Credit Union  
Detroit, Michigan



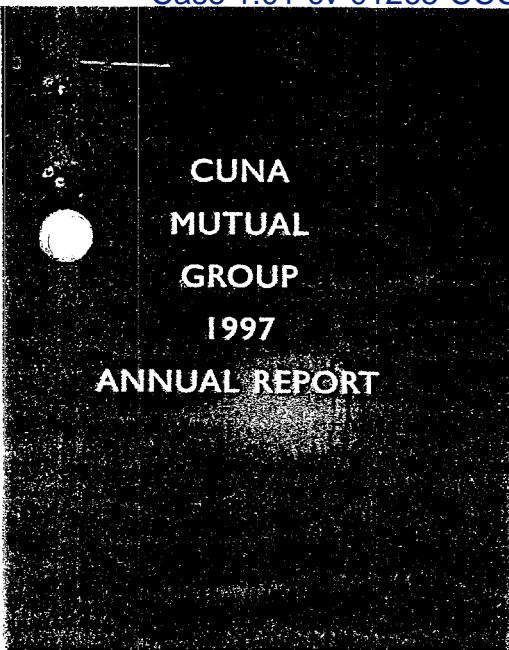
**Brian L. McDonnell**  
President & CEO  
Navy Federal Credit Union  
Vienna, Virginia

Directors of CUNA Mutual Insurance Society are elected by the Society's members (policyowners for at least one year). The Board of Directors is required to nominate a candidate for each position to be filled. Candidates may also be nominated by one percent or more of the Society's members, who shall file with the Secretary, no more than 90 nor less than 60 days prior to the election, a certificate signed and acknowledged by them giving the name, occupation, and address of their candidates, together with a statement signed by the candidate(s) that they will accept office if elected.

The Biennial General Election is held on the third Wednesday in April in even numbered years from 10 a.m.

to 4 p.m., Central Standard Time, at the Home Office in Madison, Wisconsin. Notice of the date and location for Biennial General Elections is stated in each insurance policy issued by the Society. Members (policyowners) may vote in person or transmit their ballots to the Society by mail or courier. A ballot to vote for the election of directors will be sent upon request if there are no independent nominees. If there are independent nominees, ballots will be sent automatically to all members.

Directors of CUNA Mutual's subsidiary corporations are elected by the parent companies. It is the policy of the CUNA Mutual Group that all major subsidiaries be served by a common board of directors.





**CUNA MUTUAL GROUP**  
P.O. Box 391 • 5910 Mineral Point Rd  
Madison, WI 53701-0391  
[www.cunamutual.com](http://www.cunamutual.com)

These efforts also reflect with our commitment to maintain our strength and financial stability. For the second year in a row, combined revenues grew by approximately 6%. We also continued to grow our surplus, the reserves that guarantee our ability to pay claims. After exceeding the \$600 million milestone in 1996, combined surplus reached \$714 million in 1997. Combined total assets increased more than 7.5% to \$7.02 billion, another record.

This performance reflected in our ratings of AA (Very High) from A.M. Best & Phelps and A Excellent) from A.M. Best for both CUNA Mutual Insurance Society and CUNA Mutual Life.

CUNA Mutual Group and CUNA Mutual Life share characteristics with other successful insurers, including the ability to serve a specific market; develop specialty products; use traditional and new distribution systems; and achieve high customer satisfaction. We achieve that satisfaction no small part because

we conduct business ethically. Indeed, in 1998, we became one of the first insurance companies to be certified by the Insurance Marketplace Standards Association. Our Business With Integrity program monitors our market conduct even more stringently.

Our traditions and values, priceless in today's marketplace, are surely a boon to longevity. CUNA Mutual Life and its predecessors have been serving policyholders since 1879; CUNA Mutual Group, since 1935. We are prospering because we are leaders in our business, all for credit unions and their members, the greatest niche in financial services.

We invite you to meet some of our valued policyholders, along with CUNA Mutual people who, behind the scenes, helped them to create financial security.

The theme of this annual report is *Creating Financial Security*. That's the result of CUNA Mutual and credit unions working together to serve the credit union movement.

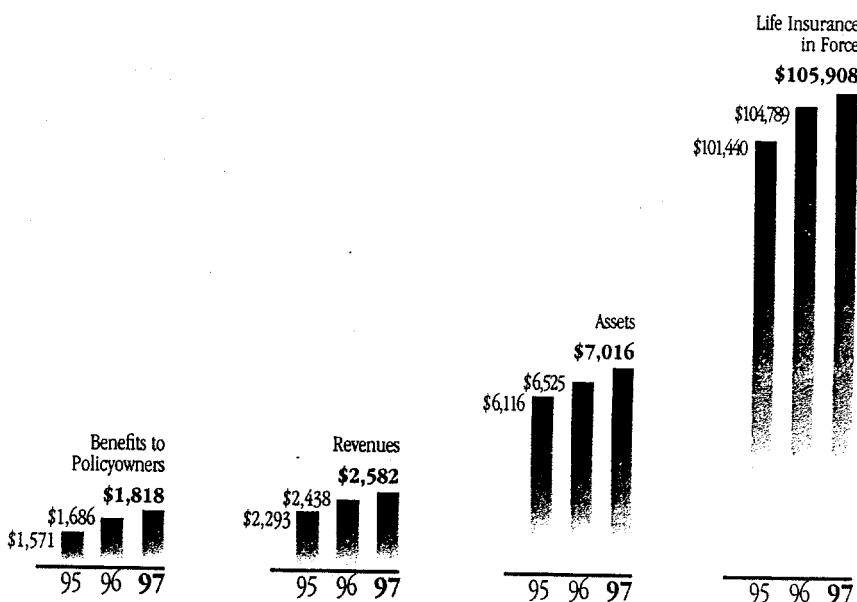
### 1997 Combined Financial Highlights

( $\text{XXX},\text{XXX}$ 's omitted)

	CUNA Mutual Group	CUNA Mutual Life Insurance Company	Combined*
	<b>97</b>	<b>96</b>	<b>97</b>
Assets	\$ 3,574	\$ 3,530	\$ 3,472
Total Surplus**	482	435	232
Revenues	1,815	1,800	767
Benefits to Policyholders	1,181	1,162	637
Life Insurance in Force	92,538	91,805	13,370
			12,984
			105,908
			104,789

\* Entries to eliminate transactions between CUNA Mutual Group and CUNA Mutual Life have been made; therefore, amounts may not sum.

\*\* Statutory Surplus plus Asset Valuation Reserve (AVR).



### Business Highlights

- Combined assets grew 7.5%, reaching \$7.02 billion and surpassing the \$7 billion mark for the first time ever.
- After exceeding the \$600 million milestone in 1996, policyholder total surplus surpassed \$700 million for the first time.
- The surplus/assets ratio improved from 9.8% at year-end 1996 to 10.2% at year-end 1997.
- Combined revenues rose 5.9% to \$2.58 billion.
- The combined companies returned to policyholders more than \$1.8 billion in benefits.

From rural Wisconsin to the Wyoming mountains and beyond, credit unions and CUNA Mutual are creating financial security. Here are a few of those stories.

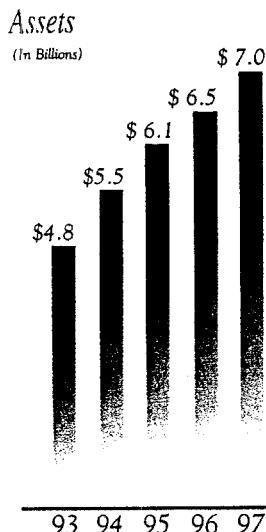
They reflect the confidence that people and credit unions have in CUNA Mutual and the trust that CUNA Mutual people strive to earn every day with the products and services we offer.

*Sandy T. Wilson*

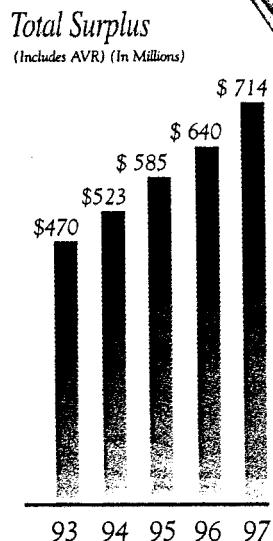
Sandy T. Wilson  
Chairman of the Board  
CUNA MUTUAL GROUP

*Michael B. Kitchen*

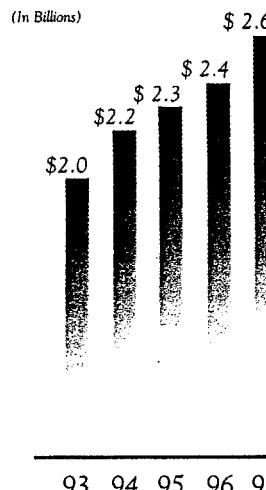
Michael B. Kitchen  
President & Chief Executive Officer  
CUNA MUTUAL GROUP



### COMBINED FIVE YEAR PERFORMANCE\*

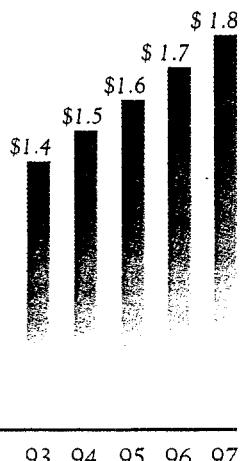


### Revenues



### Total Benefits Paid to Policyowners

(In Billions)



\* Amounts include CUNA Mutual Group and CUNA Mutual Life Insurance Company, a permanent affiliate of the CUNA Mutual Group. Prior to 1994, CUNA Mutual Group amounts include CUNA Mutual Insurance Society and its domestic insurance subsidiaries. For subsequent years, CUNA Mutual Group amounts include CUNA Mutual Insurance Society and all significant majority-owned subsidiaries.

### Life Insurance in Force

(In Billions)

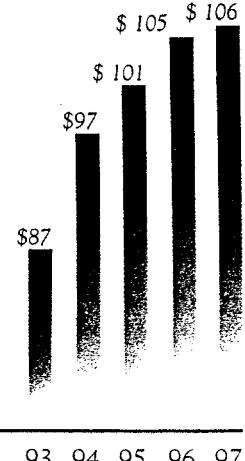


EXHIBIT D

Madison Freelance  
Reporters, LLC



IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

\* \* \* \* \*

NANCY HALL, individually and as the Representative and Administratrix of the Estate of Tommy Hall, deceased, her husband,

Plaintiff,

v.

Law No. 1:01-CV-1265

CUNA MUTUAL GROUP, CUNA MUTUAL INSURANCE SOCIETY,

Defendants.

\* \* \* \* \*

DEPOSITION OF PAUL LAWIN

Thursday, March 28th, 2002

1:20 p.m.

Reported by: Becky J. Gantt, RPR



131 W. Wilson St. • Suite 1000 • Madison, Wisconsin 53703

Phone: (608) 255-8100 Fax: (608) 255-4096

[www.madisonfreelance.com](http://www.madisonfreelance.com)

1 DEPOSITION of PAUL LAWIN, a witness in the  
2 above-entitled action, taken at the instance of the  
3 plaintiff, under the provisions of Chapter 804 of the  
4 Wisconsin Statutes pursuant to notice, before BECKY J.  
5 GANTT, a Registered Professional Reporter and Notary  
6 Public in and for the State of Wisconsin, at the law  
7 offices of Davis & Kuelthau, S.C., 10 East Doty Street, in  
8 the City of Madison, County of Dane, and State of  
9 Wisconsin, on the 28th day of March, 2002, commencing at  
10 1:20 p.m.

11

12

\* \* \* \* \*

13

## A P P E A R A N C E S

14

MR. STEPHEN R. PEDERSEN,  
15 Attorney at Law,  
214 Senate Avenue, Site 602,  
16 Camp Hill, Pennsylvania, 17011-2336,  
17 appearing on behalf of the  
plaintiff;

18

MR. MICHAEL R. KELLEY,  
19 McNEES, WALLACE & NURICK,  
Attorneys at Law,  
100 Pine Street,  
P.O. Box 1166,  
20 Harrisburg, Pennsylvania 17108-1166,  
21 appearing on behalf of the  
defendants.

22

ALSO PRESENT: Mark Richardson

23

\* \* \* \* \*

24

25

1 PAUL LAWIN,  
2 having been first duly sworn on oath  
3 was examined and testified as follows:

## EXAMINATION

6 By Mr. Pedersen:

7 Q Good afternoon, Mr. Lawin, we were just introduced.  
8 I'm Steve Pedersen, and I represent Mrs. Hall and the  
9 estate of her deceased husband in an action that's  
0 been brought against CUNA Mutual. Are you aware of  
1 any of the facts of what the lawsuit is about?

12 A I talked to Mike and --

13 Q Now, what I'll exclude is any conversations that  
14 you've had with Mr. Kelly --

15 A Okay. No.

16 Q -- and only just ask you if as you sit here today you  
17 have some awareness of what the lawsuit is about?

18 A I think so.

19 Q And what's your understanding of what it's about?

20 A My understanding -- let's see, her husband bought a  
21 policy. We would call it an HMP, home mortgage  
22 protection policy, I think '98. He died in '99,  
23 cause of death was cancer. We did some investigation  
24 on that because there was a question apparently on  
25 the application -- I've never seen the application of

1 A They have same members of boards of directors. I'm  
2 not sure what the, what the numbers fall into today.  
3 And essentially within the building we manage the  
4 companies as if they were one.

5 By Mr. Pedersen:

6 Q What about CUNA Mutual Group? How does that relate  
7 to CUNA Mutual Insurance Society or CUNA Mutual Life  
8 Insurance?

9 A CUNA Mutual Group to me is a generic marketing name.  
10 I wouldn't go beyond it.

11 Q Are you aware of any formal structural link between  
12 CUNA Mutual Group and either CMIS or CMLIC?

13 MR. KELLEY: Object to the form. You  
14 can answer it.

15 THE WITNESS: Pardon me?

16 MR. KELLEY: I interposed an objection  
17 to the form of his question, but you can answer  
18 it.

19 A I think I just said it. I think the relationships  
20 between CMIS and CML is that director and management  
21 thing I referred to earlier.

22 By Mr. Pedersen:

23 Q Do you know whether or not CUNA Mutual Insurance  
24 Society files its own annual statements?

25 A I'm not sure of the question.

1 Q Do you play any role or are you aware of annual  
2 statements that are filed by insurance companies with  
3 various --

4 A I'm aware of annual statements. I have worked on  
5 annual statements.

6 Q Are you aware that CUNA Mutual Insurance Society  
7 files annual statements in virtually all of the 50  
8 states?

9 A Yes.

10 Q And does CUNA Mutual Life Insurance Company also file  
11 annual statements?

12 A Yep.

13 Q Does CUNA Mutual Group prepare annual statements?

14 A Again, I'm -- I would be speculating there. I don't  
15 view CUNA Mutual Group as an insurance company.

16 Q Have you ever seen or heard of the CUNA Mutual Group  
17 annual report?

18 A Something that would be mailed to policyowners, a  
19 glossy book?

20 Q I don't have the glossy version. I have some black  
21 and whites. But let me show you four documents that  
22 are labeled CUNA Mutual Group Annual Report and they  
23 correspond with years 1997, '98, '99, and 2000. Have  
24 you seen those before?

25 A I can't tell you for sure if I have. I'm a

1 policyowner of CUNA Mutual Life Insurance Company and  
2 as such I get a, a glossy thing. But I'm not sure  
3 that it was these. I can't say that I have seen  
4 these before.

5 Q Do they appear to be annual reports for CUNA Mutual  
6 Insurance Group?

7 A The face says CUNA Mutual Group 2000 Annual Report,  
8 so that's what I know.

9 Q Okay. Is there financial data in these documents  
10 with respect to assets, operating revenues, and  
11 income?

12 A Are you talking about this page back here?

13 Q Yeah. The financial statement.

14 A Yep. I can see that page.

15 Q Does that appear to be a financial statement for  
16 mutual, CUNA Mutual Group?

17 A That's the way it's labeled.

18 Q Can you tell us as an actuary --

19 A Uh-huh.

20 Q -- and let's start with, with the 2000 and we'll work  
21 backwards --

22 A Okay.

23 Q -- 2000 report.

24 A You're on this page?

25 Q Yes. Can you tell me what were the total assets

1                   reported by CUNA Mutual Group?

2       A    I see -- the heading on this page is missing. This  
3                   is 2000 here, this column?

4       Q    That's how I received the document from CUNA Mutual  
5                   counsel.

6       A    This one appears to say 1999 on top. So I would say  
7                   the 2000 one looks to be 3,729,000,000.

8       Q    And for 1999 the comparison that was made?

9       A    3,659,000,000.

10      Q    And what about the total liabilities and policyowner  
11                  surplus?

12      A    Those are the same numbers for the two years.

13      Q    And what is that?

14      A    It would be in 2000 again 3,729,000,000 and in 1999,  
15                  3,659,000,000.

16      Q    And is there a listing of total operating revenues?

17      A    Yes, there is.

18      Q    And what is that, the total?

19      A    In 2000, \$2,050,000,000 and in 1999, 1,961,000,000.

20      Q    Does it appear to you that CUNA Mutual Group is a  
21                  profitable entity?

22      A    Net income at the bottom is positive.

23      Q    And what is the net income of each of the two years?

24      A    It's 49 million in 2000 and 50 million in 1999.

25      Q    So does it appear to be a profitable,

1 profit-generating company?

2 A The profit is positive, bottom line is positive.

3 Q Do you own stock in CUNA Mutual?

4 A No. Nobody owns stock in CUNA Mutual.

5 Q Can you look at the board of directors listing on the  
6 back?

7 A Uh-huh.

8 Q Do you recognize any of those names or entities as  
9 board members from CUNA Mutual Insurance Society or  
10 CUNA Mutual Insurance, Life Insurance?

11 A I know a couple of these names and faces as people  
12 that I've met maybe ten years ago, and so I don't  
13 know which of them might still be on which board.

14 Q So you don't know what, if any, overlap there is  
15 between CUNA Mutual Group board of directors and any  
16 of the other entities, CUNA Mutual Insurance Society?

17 A Right. I could not name the people that would  
18 overlap.

19 Q Does there appear to be at least some overlap?

20 A There was when the affiliation was first done back in  
21 1992 or 1990.

22 Q Okay. Did you say you played some role in preparing  
23 annual statements for CUNA Mutual Life Insurance  
24 Company?

25 A Yes.

1 Q So you're familiar with the format of annual  
2 statements?

3 A Somewhat.

4 Q Let me show you the annual statements that have been  
5 produced for CUNA Mutual Insurance Society from 1998  
6 through 2001. Let me ask if you can look at the  
7 2001 --

8 A Uh-huh.

9 Q -- annual report.

10 A Uh-huh.

11 Q And can you tell me with respect to CUNA Mutual  
12 Insurance Society, those same categories that we just  
13 described on CUNA Mutual Group.

14 A Yes. Here on Page 2 it lists assets, if that's what  
15 you were --

16 Q Yes. At the top of at least one of these documents  
17 they refer to Pennsylvania only. And if there's a  
18 differentiation, let's make it.

19 A This one doesn't have any differentiation.

20 Q So that appears to be nationwide; is that right?

21 A I would -- well, again, I'm going to have to say I  
22 assume so. It says in the state of Wisconsin on the  
23 cover, so this is the Wisconsin statement.

24 Q And then it's sent out to various states and  
25 designated at the bottom?